Bill Moyers: So, you're not kidding when you say it's an oligarchy?

James Kwak: Exactly. I think that in particular, we can see how the oligarchy has actually become more powerful in the last since the financial crisis. If we look at the way they've behaved in Washington. For example, they've been spending more than $1 million per day lobbying Congress and fighting financial reform. I think that's for some time, the financial sector got its way in Washington through the power of ideology, through the power of persuasion. And in the last year and a half, we've seen the gloves come off. They are fighting as hard as they can to stop reform.

Simon Johnson: I know people react a little negatively when you use this term for the United States. But it means political power derived from economic power. That's what we're looking at here. It's disproportionate, it's unfair, it is very unproductive, by the way. Undermines business in this society. And it's an oligarchy like we see in other countries.

Mr. KING of Iowa. Reclaiming my time and, Mr. Speaker, I would point out that it is unusual for Democrats and Republicans to share time spontaneously on the floor, but it's because there is a bond of common interest and a bond of a serious legislator that I recognize that's here on the floor for a serious reason.

I thank the gentlelady from Ohio for the presentation.

I'm going to shift off now into the subject matters that I had on the front of my mind, but I was compelled to address this and I appreciate the response.

Mr. Speaker, I come here to the floor tonight to talk about a range of issues. Perhaps if I would pick up on the financial side of this and go through a list of some of the things that have happened that I think contributed to the ''Great Recession'' that some refer to it as. And I would take us back a long ways. I would take us far back to the time that there became implicit guarantees that the Federal Government would do bailouts.

I remember those years of the eighties that the gentlelady mentioned. I went through 28 years of business, and I was highly leveraged going into the farm crisis of the eighties. I know the pain of that. I lived for 3½ years with a knot in my stomach that didn't go away unless there was something incredibly distracting that would cause it to disappear, and then I remember it would form again.

The SPEAKER pro tempore. The gentleman will suspend.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2499, PUERTO RICO DEMOCRACY ACT OF 2009

Mr. ARCURI, from the Committee on Rules, submitted a privileged report (Rept. No. 111–468) on the resolution (H. Res. 1305) providing for consideration of the bill (H.R. 2499) to provide for a federally sanctioned self-determination process for the people of Puerto Rico, which was referred to the House Calendar and ordered to be printed.

ECONOMIC CRISIS IN AMERICA

The SPEAKER pro tempore. The gentleman may resume.

Mr. KING of Iowa. I am always happy to yield when the Rules Committee is conducting business here on the floor.

So I will go back to the beginning, Mr. Speaker, and that is this: that if we would go to 1978—and I want to illustrate the chronology of how we got to where we are today financially. Excuse me, Mr. Speaker, I will take it back even further than that. Let's go back to October of 1929 when the stock market crashed and it launched the Great Depression rather than the Great Recession. We saw a downward spiral in the value of that Dow Jones Stock Exchange and the other shares that were not registered on the Dow at the time, or as part of the Dow Jones Industrial Average, and Americans lost equity. Some jumped out of windows—actually, not nearly as many as history would have us believe—but that crash in the stock market precipitously dropped. Of course it came up and went down, and it's always been a sawtooth.

But we went through the thirties. We saw Franklin Delano Roosevelt being elected in 1932. And actually, prior to that, but certainly accelerated from that point, he borrowed money and spent money and created make-work projects, and he put the United States in debt like never before and never envisioned by the Founding Fathers. Even his own people, including John Maynard Keynes, got nervous with the amount of money that was spent. His Treasurer, Morgenthau, expressed his concern that we spent all this money and what do we have to show for it. Unemployment is still high; the economy still hasn't recovered. And they lumbered all the way through the thirties with marginal improvement in the economy.

And one has to question if it ever would have recovered if it hadn't been for World War II. In fact, the President of the United States, the current President, has made the remark that World War II was the largest stimulus plan ever. He can make that statement and challenge it or not, I don't take issue with the concept that he is illustrating in that point, Mr. Speaker.

But I would continue and make this point, that from October of 1929 we saw all of this spending in the New Deal era of the Great Depression throughout the thirties. We saw all the borrowed money that went into winning World War II, and it's a good thing that we did. I believe Franklin Delano Roosevelt was an outstanding war leader for the better part of the Second World War, not so much of an economic leader, in my view, nor a social and cultural one; but he did hold us together as a Nation and he provided that clear voice and that leadership that was so important during that period of time, and he stood on the ground of unconditional surrender. So I tip my hat to that contribution to history to that man.

However, by the end of World War II, we had not recovered economically from where we were in 1929. And by the beginning of the Korean War—let me say by the beginning of the Cold War in 1948, as it was illustrated by Winston Churchill—we had not recovered from the Great Depression. By the beginning of the Korean War, we had not yet recovered from the Great Depression. And by the end of the Korean War, we had still not yet recovered from the Great Depression. If you measure it as the Dow Jones Industrial Average recovering back to the place where it was in October of 1929, that happened, Mr. Speaker, 9 years after Franklin Delano Roosevelt had passed away. It was 1954 when the stock market got back to where it was in October of 1929. All of those years.

And I will argue, Mr. Speaker, that overspending by government, the interest and the principal overspending by government delays the recovery. It may diminish the depths to which we might have otherwise fallen, but it delays the recovery.

It's the same as in a business. Let's say, for example, you're a small business and you're grossing $500,000 a year and meeting a payroll and all the bills that I talked about earlier and you have a flood that wipes out your asset base. Then along comes FEMA, and if you're in business, they're not going to give you a grant; they might help you get an SBA loan. So if there's a disaster loan, it might even be a preferable interest rate, but let's say your debt was $100,000 and you're grossing $500,000 and meeting a payroll of $250,000 a year. Now, it takes another $400,000 to put all the pieces back in your business, and you're able to borrow that money at 4 percent or 5 or 6 percent.

Now you have the interest rate on the $400,000, plus the requirement to pay the principal off on that $400,000. All of that money that you're spending now that is the result of the overleveraging that may be necessary to keep you in business is money that's earned, it's money that you had to earn, you would have earned it anyway, but now that money goes off for interest and principal rather than capital investment, which is what creates jobs.

□ 1830

At a certain point, you can't service the debt any longer. At a certain point, a business can't pay the interest; it can't pay the principal, and it becomes insolvent if the debt and the leverage is too high. That is true for a family that runs their credit card bills up too much to where they can't service even the interest or the minimum payments on their credit cards. It's true also for a small business. It's true for a large business—and, Mr. Speaker, it's true for a government. It's true for a small government like Greece. It's true for a large government like the United States of America. At some point, this debt that we have taken on here in this time, in this era, becomes too great for even the most robust economy in the world to overcome—to service, to pay the interest, and to pay the principal on that debt.

That's where I think we are headed. We may already be there.

That was the fear that they had during the thirties, and that was something that may have restrained Roosevelt in his spending to where we were able to recover from it; although, it took a long, long time—from 1929 until 1954, until 9 years after the Second World War was over and 9 years after Franklin Delano Roosevelt passed away. We carried this burden throughout this whole period of time.

Through the fifties, during those idyllic years of Fun with Dick and Jane, which is the life that I grew up in, we were responsible for our budgets. The people who were coming into adulthood at that period of time had now cut their economic teeth on fiscal responsibility because they had pinched pennies and had made it through the Great Depression. Then they fought and won a world war. Then they were engaged in a Cold War. Of course, we had the war in Korea that was a negotiated settlement in the end. These were a frugal, hardened people who were the sons and daughters, in my part of the country, of pioneers who came across the prairie in a covered wagon—generally walking beside the team of oxen, not riding in the wagon—to live free or die on the prairie. These were independent, hardworking, industrious, entrepreneurial spirited, strong faith family people who took advantage of the opportunity to be legally here in America, to build lives for themselves and to lay the foundation for their children and their grandchildren. These were the people in the fifties.

Now we watch the next generation, the baby boomer generation, blossom with the component of the generation which was referred to as the ''flower children,'' who didn't take that responsibility, who weren't hardened by those experiences, which were only the secondhand experiences of what had been transferred from their parents to them, and they began to push this irresponsibility.

By 1978, the class envy component got high enough, and there were some things that were inappropriate in what was going on, but the lending institutions were redlining neighborhoods. They would look at the inner cities in America that were losing asset value. Now think of this: If you owned an apartment—a ''condominium'' is how we refer to it today—or a house or a piece of industrial or commercial property in an inner city that was being run down, the value of the real estate was diminished sometimes by the crime rates that were there, by the abusive drugs, by the businesses that weren't sustaining their value and their cash flows. So you might have a nice home in a neighborhood that's not as nice as it used to be. Even though you keep your home up, people don't want to buy that home because they don't want to move into that neighborhood, so the value is going down.

The bankers and the lenders were doing what they call ''redlining.'' I have a red pen in my hand. They would draw, Mr. Speaker, a line around this neighborhood or this area in the city, and they would make a determination that they were no longer going to lend money on real estate in those neighborhoods or in those commercial industrial property areas that were being run down.

It may well have been a prudent business decision. It was defined as a racist decision, and in some cases, I think it probably was. This Congress passed legislation called the Community Reinvestment Act. It compelled lenders to make bad loans in bad neighborhoods. That was in 1978. ACORN was formed and shaped around that same period of time.

As this moved forward into the 1990s, under the Clinton administration, there was a refreshment of the Community Reinvestment Act that set yet higher standards for making more bad loans into bad neighborhoods. They had found that Fannie Mae and Freddie Mac had become quasi-government entities for formerly private entities who were not making, according to the opinion of this Democrat majority in this Congress, enough bad loans into bad neighborhoods. So they changed the standards in the Community Reinvestment Act. They were lobbied by ACORN to lower the standards for Fannie Mae and Freddie Mac. They lowered the standards for Fannie Mae and Freddie Mac for the secondary loan market so that more lenders could make more bad loans in more bad neighborhoods and could peddle them off into the secondary loan market of Fannie Mae and Freddie Mac.

Now we are into the mid-1990s, and still it wasn't such a crisis until such time as the dot-com bubble burst. The dot-com bubble burst, I think, was initiated by the lawsuits against Microsoft that were joined by several State attorneys general, including by my State attorney general, Tom Miller. I think that he and others wielded the lance that pierced the dot-com bubble when they filed the class-action lawsuit against Bill Gates' operation and Microsoft. Even though I believe that that bubble was swelling and that it would have burst at some point, I think the lance that was wielded was by those State attorneys general. That brought about the bursting of the dot-com bubble.

In the aftermath of the bursting of the dot-com bubble, we had, I'll say, a mini recession. Alan Greenspan saw that mini recession. Mr. Speaker, this is my interpretation of his actions. Certainly, this is subject to rebuttal by Alan Greenspan or by somebody else who may have some knowledge that I'm not privy to. He set about a policy here in the United States to unnaturally lower the interest rates so that more people could buy homes in order to drive the housing market. This was to partially compensate for the bursting of the dot-com bubble. We had more homes built than before, a higher demand because of the unnaturally low interest rates and favorable terms, and we had the lower underwriting standards that had been provided to Fannie Mae and Freddie Mac as far as their secondary mortgages were concerned.

There was pressure that was put on the lenders. They had been pushed by ACORN, which found itself in the inner-city neighborhoods brokering home loans and approving the conduct of the lenders as to whether they were complying with the Community Reinvestment Act.

So we have a political organization that has turned out to be a corrupt criminal enterprise, promoting bad loans in bad neighborhoods at unnaturally low interest rates, driving up a false economy in the housing market to, presumably to some degree, compensate for the bursting of the dot-com bubble that was brought about by the suits of the States' attorneys general, including by my attorney general, Tom Miller.

While all of that was going on, we got hit by the September 11 attack on our financial centers. There were the ensuing extra costs involved, and there was a tremendous loss in life and in treasure that took place due to that. Then what do we see happening here?

We have seen now an economic crisis that has been, perhaps, averted, but maybe it would have been better if we would have simply allowed some of those businesses that were too big to fail to just simply fail. We'd have reorganized them, and we would have put them through the process to get them back into the system again. We would have recovered more quickly. It may have hurt more, but in the end, we would have reestablished the principle that you simply cannot have ''too big to fail'' unless you are going to have a government guarantee. Now the government guarantee on Fannie and Freddie is $5.5 trillion in contingent liabilities. All of this has taken place, and it has moved us away from those standards of free enterprise and accountability.

I would be very happy to yield so much time as she may consume to the gentlewoman from Minnesota, who is on the Financial Services Committee and who is extremely knowledgeable about this and about any subject that she might choose to change it to.

Mrs. BACHMANN. I thank the gentleman from Iowa for laying out the history of where we are today in terms of the financial problem.

Really, the concern that I have on the bill that is being debated over on the Senate side right now is that it seems that this bill effectively wants to institutionalize the very bad government interventionist policies that got us to the point at which we are now. Here are just a couple of things that this bill will do over on the Senate side:

Number one, it makes bailouts permanent. It's as though we had bailout 1.0, which no one really liked. It was a $700 billion bailout. I know Congressman KING and I both voted against the original $700 billion bailout, but it would institutionalize and make permanent the bailouts.

This is something that is not generally known: With the first bailout—and it was under President Bush, unfortunately, that the first bailout was passed—the President had to come to Congress and ask us for our permission for the $700 billion fund to be created. Now, remember, this never had happened in the history of the United States whereby the Secretary of the Treasury was given a blank check for $700 billion. The Treasury Secretary virtually was able to do whatever he wanted to do with that $700 billion, and he had, effectively, no oversight from Congress. He got a blank check for $700 billion.

In good conscience, I could not give that kind of money to one single individual, because, if you give that sum of money, which had never before been given to any individual in American history, you know there is going to be waste; you know there is going to be fraud; you know there is going to be abuse. That is something that government tends to do when it spends too much money. So, of course, that's what we saw. We saw that the money went all over the place, and we still don't have a full accounting of where all of the TARP money is.

Yet what did that money fund? Think of it.

That money allowed the United States to purchase the largest banks in this country, and the United States Federal Government still owns those private banks—Citibank and Bank of America. That money also allowed the Federal Government to buy AIG, the largest insurance company in America.

Barack Obama, who is now our President, was elected in November of 2008. Shortly after his election, he went to then-President George Bush and said, President Bush, I would like to have something under $20 billion. I want to set up an automobile task force because, if we don't spend money now, Chrysler and GM could fail, and to prevent their failure and to prevent job loss, we need to have an automobile task force fund.

President Bush was on his way out the door. He was ending his Presidency. President Obama was about to begin his. He gave that amount of money over to President Obama and to his team to set up the automobile task force. We all know what happened. The automobile task force was set up. Literally, billions of dollars were pumped into Chrysler and GM.

What happened?

Chrysler filed bankruptcy. GM filed bankruptcy. In fact, it was so bad that GM stock was taken off of the New York Stock Exchange because the value of their stock plummeted so far. So, contrary to what President Obama said as to his being able to save the car companies with this bailout fund, the car companies went under. They failed.

As a matter of fact, President Obama then decided—I don't know where he got the power from—to fire the head of GM. Out of what power? No one knows. So here you have the President of the United States deciding that a CEO of a company is going to be fired. That is a jurisdictional issue. The President of the United States does not have the power to fire anyone in the private sector, but isn't it amazing what a whole lot of money will do for a person. That money put so much power into one man's hands that he was able to do virtually anything he wanted, including overturning about 150 years of bankruptcy law.

How was that? Because Chrysler bondholders, who are the people who invested money into the Chrysler car company, had an investment.

Let's say you put $100 into a company that your friend holds. That's your money that you put in. Then the company gives you a bond. It says, Hey, if anything happens to our company, we'll make sure that your $100 is paid back first before anyone else is paid back, and we'll pay you back all of your $100.

Well, unfortunately, President Obama and his team decided to turn upside down 150 years of bankruptcy law. What they did is they said, You bondholders who have a secured interest in your investment are no longer getting your secured investment. We are taking your money, and we are giving it to well-connected political people. We want to make sure they get that money. In that case, those people were their friends at the UAW, at the unions.

Mr. KING of Iowa. Will the gentlelady yield?

Mrs. BACHMANN. Yes.

Mr. KING of Iowa. I thank the gentlelady.

In reclaiming my time, I wanted to explore this ''secured creditor'' so that the Speaker and those who are observing will understand clearly what this means. A ''secured creditor'' would be someone who holds collateral, which is a guaranty that's behind the bond.

I'm going to ask you to flesh this out a little bit, but I'm going to say that it includes, perhaps, real property, which could be the actual factory, itself. It could be the equipment inside the factory. It could be cash collateral, security. It could be the cars sitting as ready for shipment to the dealers but not the cars in the dealers' lots, because they own those cars.

Is that a reasonable picture of what ''secured collateral'' is when you talk about bondholders and the secured creditors?

I would yield to the gentlelady.

Mrs. BACHMANN. That's right, and there is something else to know on secured creditors.

Usually, secured creditors take a lower interest rate. They get paid back at a lower rate because they are first in line. When Chrysler went under, what happened is that, rather than making the bondholders whole first, they actually had their secured interests taken away from them, and other creditors were made whole first.

□ 1845

How can you do that? That's an abrogation of contract law; an abrogation of bankruptcy law. And so we saw a violation of law. That's something that is foundational to the United States that gives us a good business climate. The rule of law is a good thing. The sanctity of contracts works. When we start violating the law and when we start penetrating contracts and violating contracts, that's when we get into trouble with our business climate. We saw that happen in this bailout.

Not only did the Federal Government take money that we don't have. Remember, we had to borrow money. So this wasn't money that we had sitting in a bank vault here in Washington, D.C., where we opened up the bank vault and we pulled out big wads of $700 billion that we could give to the Treasury Secretary to give out to whatever his favorite private business was or his favorite group was. No. We had to borrow that money from the Chinese or whoever we could go and sell our debt to. And so who's going to pay that back? That money is going to be paid back by the debt-paying generation. That gets us into a whole 'nother area.

The gentleman was talking about the financial mess we're in. You were talking about ACORN. You were talking about the subprime mortgages, where all of that's gone, Freddie and Fannie. And the point I guess that I'm trying to make is that the Federal Government with this TARP bailout ended up taking that money and, rather than making our economy whole, rather than creating jobs, because, remember, President Obama said, again, this is with the stimulus spending, $787 worth of stimulus spending, we were promised that we wouldn't see unemployment go above 8 percent, and we were promised that he would create 3½ million jobs.

I know my colleague STEVE KING knows that rather than creating 3½ million jobs, we lost 3½ million jobs. So the spread of error for President Obama is about 7 million jobs, let alone the fact that the debt-paying generation that will pay back the $787 billion, those today that are age 5 to age 30, that age cohort for the next 45 years of their work history will have to pay back the same amount of money as if they went to the store and bought an iPod for $300. So the 5- to 30-year-olds for the next 45 years of their work life will have to go down to a store, buy an iPod, at the end of the month crush the iPod under their heel; then buy another one the next month, crush it; buy one the next month. Every month for 45 years of work history, the debt-paying generation in America will have to effectively buy an iPod and crush it and then replace it to equal what will be spent in this stimulus bill. That's just one of the egregious spending bills.

And when I think of the debt-paying generation, the 5- to 30-year-olds are saving up and would love to buy an iPod, just own one. But now they're condemned to, for 45 years of their life every month, going out and buying a brand new iPod and effectively giving it over to the Federal Government.

Mr. KING of Iowa. Reclaiming my time, I would add onto that that I hadn't thought of that in terms of, and this is a presumption that iPods will stay the price they are, which we know that competition and mass production will probably reduce the cost. But under current value and current dollars, a child born today, for being a natural-born American citizen, their share of the national debt is $44,000. That's like here's your mortgage, sign here with your little ink footprint when you're born, we'll wheel you right out of the delivery room and you've got a $44,000 debt that you have to pay the interest and the principal on. That same child born today, by the time they start fifth grade in school, their share of the national debt will be $88,000. That's the difference between the Obama budget and the budget that we had coming into the Obama administration. That's that kind of a burden that I'm going to presume cross-references to the $300 a month that the gentlelady from Minnesota has talked about.

Mrs. BACHMANN. Also, remember, that's if every American is paying taxes and paying the debt. But one thing that we saw from this current filing of income tax is that 47 percent of Americans paid no taxes. Now, that doesn't mean that 47 percent of Americans are deadbeats, because they aren't. Many Americans don't have income because they're senior citizens living off of fixed assets. There are a number of reasons. But still the number remains true, that 47 percent of Americans aren't paying the taxes. An increasingly smaller group of people are paying a larger share of the taxes. And so the debt burden on particular Americans will be especially egregious.

Mr. KING of Iowa. One of the important studies was done not that long ago by Robert Rector of the Heritage Foundation. He's done a couple of very important studies in the last 2 years. One of them was the level of welfare that's here in the country. I believe he counted 72 different programs that distribute the wealth from taxpayers in America to people who are sometimes taxpayers but more often a greater share of them are tax users. Of those programs, even though we brought down some of the welfare in the mid nineties, it didn't really reduce it so much as it produced a temporary plateau; and then it was built up again with a whole series of programs that we can't track.

Well, he has done so. And it's a chilling thing to see what happens to a society that was a meritocracy, that rewarded people for their work, that now has become a welfare state.

One of his definitive studies, Mr. Speaker, was this. He went in and looked at households that are headed by high school dropouts, without regard to their immigration status; whether they were legal, illegal, foreign or natural-born Americans, whatever their category might have been with their immigration status, if they headed households, and the average household, a family of four, and they were a high school dropout, they would draw down an average of $32,000 a year in taxes in the whole collection of the benefits that are there and they would pay about $9,000 a year in taxes. They would draw down 32, they would pay about $9,000 a year in taxes. The net cost to the taxpayer was $22,449 a year, and that's an average, and the average sustained life of that household, Mr. Rector calculated, was 50 years.

So the math comes out to about $1.5 million to subsidize that household. And we've got people here in this country that are arguing that we need to open up our borders and bring in any number of people because our economy needs this labor and we need someone to pay for the Social Security of the baby boomers. Well, if they can't sustain themselves here, if they're undereducated, even though we have entrepreneurs that fit that category, that are going to make millions of dollars and create millions of jobs, on average it is a net cost to the taxpayer of $22,449 a year, $1.5 million for the duration of that household, that's a burden on the taxpayers that is not a stimulation to the economy, it's a drag and a drain on the economy. And the argument that they are paying Social Security with the payroll tax and, therefore, that's good for those of us that are looking at retirement, members of the baby boom generation, which I am and Mrs. BACHMANN is not. That's my little pandering piece here, Mr. Speaker.

Mrs. BACHMANN. If I could just add with Robert Rector from the Heritage Foundation, he also did a study on welfare and increasing use of welfare in the United States. The trajectory that we're on with the growth in welfare is also unsustainable. And we also recall that shortly after President Obama came into office, one thing that he did is he rescinded all of the welfare reform regulations that were put into place by the Republican Congress after they won control in 1994. So all of the reforms that actually got people off of welfare and into working jobs and actually plateaued the cost of the welfare, now all of those restraints have been taken off. We're seeing a dramatic increase in the trajectory in welfare spending.

But something else that was interesting from Robert Rector, he said that if an individual on the full panoply of welfare benefits leaves welfare, that that individual would have to seek a job paying in excess of $44,000 a year to replace the welfare benefits that they're receiving from the Federal Government. That is the level of generosity of the welfare benefits that are currently available to people in the United States. There are people in my district that would love to be making an income of $44,000 a year. And yet that is what the United States is providing on average for welfare benefits across the United States. Of course there are exceptions to that, but that's on average. Again I would refer people, Mr. Speaker, to the heritage Web site and the work is by Robert Rector.

Mr. KING of Iowa. Reclaiming my time, I appreciate the gentlelady refreshing that point. I had actually forgotten that number. I remember it now when you say it. $44,000. And now I think in terms of, if you have all the free time in the world to do whatever it is you want to do and you have rent subsidy and heat subsidy and food stamps and the refundable child care credit and the earned income tax credit.

Mrs. BACHMANN. And you've got a home mortgage, a home mortgage that is subsidized by the taxpayers. Because, remember, this was a part of the problem with the amendments to the Community Reinvestment Act in the 1990s, and it was this: An individual could have no income, no assets, no job. With all of that, you could still get a mortgage just based on your welfare benefits. This was a complete change in the way mortgages were given out. And welfare is inherently unstable.

So to think that a 30-year mortgage is being given to someone on the basis of their welfare payments. We had never done that before in the United States. And so what we saw is a correlation with a very high rate of foreclosure. What inducement or incentive is there for an individual to save up to buy a house, save up for a down payment, be frugal, do what you need to do to have a good credit score to get into a house when if in fact because of the Community Reinvestment Act, banks were forced to not look at credit scores essentially and to give mortgages to people on the basis of their welfare checks?

And a lot of these mortgages that were given would give cash back to people. Then people went out and took home equity loans against their home and they had virtually nothing in the home. No wonder we're in the problem we're in. If you change your banking standards to ones that don't even rank up with a comic strip level of regulations, you're going to get disastrous results. That's what we're in the middle of living with now.

Unfortunately the bill that's going through the Senate is institutionalizing the worst aspects that there are about government policy that led to the financial meltdown.

Mr. KING of Iowa. Reclaiming my time, I think it might be useful for the gentlelady and I to go through this list of things that have happened about the nationalization. Because if I look at the dialogue in the country, we've carried this dialogue, I think, back and forth together and teamed up on it.

The gentlelady has talked about $700 billion in TARP. We haven't brought it up so much, but it is part of this, that three large investment banks were nationalized, either by action of or the support and approval of President Obama; along with AIG, the large insurance company, for some amount around $180 billion. We might have used $185 billion at one time. It's in that area. Then we've seen Fannie Mae and Freddie Mac, which I did mention earlier. The President by his executive order has swallowed up the balance of the risk, put it on the taxpayers, to the tune of $5.5 trillion in the contingent liability should Fannie and Freddie, either combination of them, collapse.

While that's going on, we watched the nationalization, the takeover, of two of our proud American car companies: General Motors and Chrysler. We saw the CEO of General Motors fired and replaced by a CEO that was essentially de facto hired by the President of the United States. We've seen all but two of the board of directors of General Motors put in place by the President of the United States who doesn't even deny it. He takes a little bow and a smile as if that's what we should be doing with government.

We have them looking in at CEOs' pay. We look at the student loan program that's been taken over by the Federal Government. We've watched the nationalization of our skin and everything inside it with ObamaCare taken over by the Federal Government. Now we're watching the financial institutions all the way down to the smallest credit transaction will be looked over by the Federal Government. This is a chilling display of the continuum of history of the last 18 months.

Mrs. BACHMANN. What we have witnessed in the last 18 months is effectively an economic coup. Because as you have correctly stated with Fannie and Freddie, today the Federal Government owns over 50 percent of all private home mortgages in this country. So over 50 percent of the homes, they aren't owned by the people occupying them paying the mortgage. It's really owned by the Federal Government. Not only that, for anyone going to secure a mortgage today for a home, nine times out of 10 they have to go to the Federal Government to get their mortgage. So that number will swell for the number of homes that are owned by the Federal Government.

According to an economist from Arizona State University, if you add up all of those sectors of the private economy, we've gone from, 18 months ago, 100 percent of the private economy, private, now we have over 51 percent of the private economy effectively directly owned or controlled by the Federal Government.

But President Obama isn't done. He is demanding that the Federal Government effectively control the energy industry. That's another 8 percent of the economy. He also wants to have the Federal Government control the financial services industry. Some people calculate that at 15 percent. So that would take us from 51, an additional 8 with cap and trade, to 59 percent. Then if we add the financial services sector on, that would take us then up to 74 percent.

President Obama hasn't even been in office 18 months, and we're already at the point where we could be at effectively nearly three-fourths of the private economy under the thumb of Uncle Sam, which is why we absolutely have no choice. This fall we have to see constitutional conservatives retake both the House and the Senate, and then 2 years from now we need a President who will be a constitutional conservative President so we can repeal the government takeover of health care and truly unwind the Federal Government getting out of owning or controlling private businesses.

□ 1900

We have no choice, because otherwise we will go the way of the rest of the world. And all we have to do is take a page out of Greece. Greece is effectively a bankrupt country that's being bailed out by the European Union. Because of the bailouts that the European Union is giving to Greece, the Euro is dropping in value.

The same thing with the United States. We can't think that just because we have been the greatest power and the greatest Nation the world has ever known that we will always continue that way. If we change our economic policies so they have more in line with left of socialist nations, if that's our economic policy that we are embracing, then should we be surprised if the result is analogous to that of countries that are left of socialist-embracing economies? That's not who we are. It's not our character as a people.

And I think it would shock the American people to realize, Mr. Speaker, that today the Federal Government owns or controls 51 percent of the private economy. That cannot be. And I know Congressman KING joins me in putting his marker in the ground, saying that on his watch in Congress he will do everything he can, as I will do everything I can, to get the Federal Government in its proper realm of jurisdictional authority.

The government doesn't have sovereignty over private business. Only private business has sovereignty over private business.

Mr. KING of Iowa. And reclaiming my time, I do wish to join in that pledge and putting my marker here. We have joined together in the introduction of legislation to repeal ObamaCare, to pull it out root and branch, lock, stock, and barrel, to eliminate ObamaCare so there is not one vestige of ObamaCare DNA left behind that could reproduce itself and further poison our legislation and our laws in America and further diminish the vitality of the American people.

I recall that President Obama as a candidate consistently was critical of President Bush for not having an exit strategy in Iraq. He pounded on President Bush for not having an exit strategy in Iraq. However, that exit strategy actually is being implemented, ironically by the very individual who was so critical.

My point is that Barack Obama has been involved in the nationalization of these huge sections of our private sector, as the gentlelady has described, more than 51 percent of our private sector activity. And when we add the financial sector to it, it becomes a number that approaches that three-quarters, as she has said.

I sent a letter to Secretary Geithner, a formal letter. The response needed to be under oath because it was within a hearing of Financial Services and Ag hearing that we did jointly. The question was if the President was elected at least in part because he was critical of President Bush for not having an exit strategy in Iraq, what's President Obama's exit strategy to divest the taxpayers of their invested interest in this whole list of private entities that we have talked about from the banks to AIG to Fannie and Freddie to the car companies? I didn't get to the point of the student loan or ObamaCare because that hadn't been nationalized yet at that point.

Two months later I did get an answer. And it took a couple of days for the smartest lawyers I had to analyze all the language, which boils down to this: The response from Secretary of the Treasury Geithner, well, we will divest ourselves of these assets when the time is right. And only he would know when that was. But there was no criteria for the Federal Government getting out of this business.

It appears that there is a powerful incentive that is driven within the White House and within the progressives, the very liberals in this Congress, of which there are at least 77, to continue the nationalization, the management now that they are seeking to do of managing all of our financial industry, taking over student loans, and now every credit account in America. And additionally to that, I would give a new example that was exposed to me the other day.

We have an example of how the Federal Government takes over the insurance industry. They did so in about 1963 or 1964 with the Federal flood insurance program. They argued that the private sector didn't produce enough competition so that you couldn't buy flood insurance in flood plains. Maybe there was a reason for that, because you would be flooded and the risks were too high. So they set up the Federal flood insurance program to provide competition to the private sector that was property and casualty at the time.

In a few years, it came to pass that—and it is true today—that the only flood insurance that you can buy in America is under the Federal flood insurance program. It's also true today that that program is $19.2 billion in the red because their premiums don't reflect the risk because they offer this insurance—and by the way, it's compulsory to buy that insurance if you borrow the money through a mortgage loan under a national bank. So it looks to me as though FEMA has been assigned by Congress and is carrying out an action that has now expanded the flood plains dramatically so that the people in these flood plains have to buy more and more flood insurance.

And I looked at one area within one county in my district where there are 2,200 more properties and 1,100 more property owners that will be compelled to pay for the national flood insurance premium. Presumably, if you expand the areas that people are compelled to buy insurance and do business with the Federal Government, then you will be able to bring this Federal flood insurance out of their $19.2 billion in the red.

Think of what happens when the Federal Government sticks their regulatory nose in every transaction in America, every credit transaction, every private flood insurance transaction, every health insurance transaction, operates and manufactures probably two-thirds of the American cars, probably not quite that many actually, and has already taken over the secondary loan market to where they are in more than 50 percent of the real estate.

Mrs. BACHMANN. It even gets more minute than that because under the bill that's being debated right now over in the Senate, if a person has a transaction where it's four payments or more, so presumably if you buy braces for your child and you are paying by payments for your child's braces. If you have four payments or more that's a financial transaction that could come under the purview of the Federal Government. So the orthodontist would then have to conform with regulatory requirements from the Federal Government. That's how insidious this is getting.

As a matter of fact, the bill I believe on the House side would give the Federal Government the authority through a new pay czar that has been selected who would establish the wages of like a bank teller in Peoria, Illinois. So the Federal Government isn't just getting into big things, they are getting into every small area of our life. And I think we just haven't begun to see the levels of involvement.

The other thing you had mentioned, Congressman KING, and Madam Speaker, is that you had wondered about President Obama and where he is going. There is no exit strategy because this current financial reform bill that we are looking at is all we need to know about where President Obama and the Democrats that control Congress want to go. They want more Federal Government intervention. They want more Federal Government spending, which necessitates more Federal Government borrowing, which will mean more taxes.

But what are those taxes? The President has punted that issue to his new commission. But we all know a boatload of taxes needs to be raised. And we are in all likelihood looking at a new form of a national sales tax with a VAT tax, which would mean every item we purchase would have a tax of about 25 percent attached to it. So if you go through the value drive-in meal at McDonald's or a fast food place, although I guess we aren't going to be allowed to eat fast food anymore, it looks like that's the road we are going down next, instead of paying a dollar for that item, now we are going to have to pay $1.25.

All of this means real consequences for real people's lives. It means fewer choices we can make. And apparently what President Obama and the Democrats who control Congress believe is that the American people have too much discretionary income and the American people shouldn't have that discretionary income. They really are the party of big government and of government making the choices over our lives.

The Republicans have a different view. We believe that people make the better choices, and we want them to keep their money. But unfortunately, President Obama has laid all his cards down on the table, as have the Democrats that run Congress, and they have made a decision. It's very clear. We know because their bills are already before us. Anyone can read them online. And they want to be involved in the smallest financial transactions of our lives. And ultimately they want to decide who will get credit in this country and who won't. That will stifle every one of us in this country. And it won't mean job growth, it won't mean job creation. But we can do far better than that.

Mr. KING of Iowa. Well, and they decided who would get the credit on home loan mortgages based upon the cash flow of the welfare check. And it didn't work out so well. That's one of the examples. I am standing here thinking about this. Where would they stop? A party whose policy is change, who don't have any timeless values, there is not even a definition of truth over on that side that they can agree on, it is about change.

And I have often said that if you would give me the magic wand and I could grant to the progressives, the liberals, the people that fit that definition of folks on that side of the aisle their wish, which would be the entire wish list of all the things that they could compile on that list between now and New Year's, and say to them you get all of this, you get all of this, every policy that you can possibly dream of, and we are going to give it to you when the ball drops at Times Square for New Year's, but the deal is then you have to clam up and not be clamoring for change any more, you have to live under all of the rules and all of the changes that you advocate for, here is what I can guarantee you. They would work night and day to make this list as complete as possible.

They would work right up to the last minute. They would have an amendment they were trying to slip in as the ball was dropping at Times Square to bring New Year's about and grant them their wish. And then when they were granted everything they wished, they would stay up the rest of the night trying to figure out how they got cheated and what they forgot. And they would never keep their word about having to live under the rules and the regulations that were part of their wish list.

We, on the other hand, believe in timeless values. We believe in the integrity of the human being. We believe that our rights come from God. We believe in free enterprise capitalism. We believe in property rights. We think that people that work should live better than those that don't. We believe the wealth of this Nation is not a zero sum game, but it's something that's built upon the entrepreneurial spirit and the foundations of free enterprise, property rights, individual rights, not group rights. And the destiny of America is going to be determined by the amount of liberty that we can grant to people out of this Congress instead of diminish from them.

And my mission is to go forth and to give back out of this Congress the rights that rightfully come from God to the people that have worked so hard to build this country, and not to destroy it incrementally by these huge bites out of our freedom and our liberty. And the question that comes to me is what would a socialist do, what would a progressive do, what would a liberal do that a communist would not? Where do they draw the line? This has been a breathtaking sweep into a takeover of huge chunks of our economy. And they have designs on big chunks of the economy yet. When there is no restraint except the American people and the constitutional conservatives that are filling the streets of America.

They come out with their American flags, their yellow Gadsden ''Don't Tread on Me'' flags, their constitutions in their pocket, and patriotism in their hearts, and tears running down their cheeks because of what they see is happening to America under this ruling troika of Obama, PELOSI, and REID. And it's going to turn around, Mr. Speaker. It's going to turn around this November. It's coming back into the hands of the people. And we will have a lot of work to do to clean up the mess.

One of the things is on the immigration cards, the flash cards that train people to study their naturalization and pass the test. On one side it will say, ''Who is the father of our country?'' You snap it around and it says, ''George Washington.'' You pick up I think it's card 11, and it says, ''What is the economic system of the United States?'' You flap that card around and it says, ''Free enterprise capitalism.'' It probably isn't the case today given what's happened.

I don't want to have to pull that card out of the deck. I want the freedom, the liberty card in the deck. And I want to be able to see my children and grandchildren and every succeeding generation not live the American dream, but live the American dream in addition with a higher standard of living and greater aspirations and more liberty than we had, which is tremendous.

This is what is pulling at the heart of America. This is why the constitutional conservatives, which are comprised of the Obamaites with buyers' remorse, the independents that really don't want a label but they understand the Constitution and free enterprise, the 9–12 Project people that have been so activated here on September 12, all of the Tea Party groups that are there, the conservative Republicans, in fact, almost every Republican constitutional conservative, people that understand that our default position needs to be the Constitution itself and not some activist judge's idea of what they would want that Constitution to say, but what it actually says, what it was understood to mean at the time of its ratification.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. CULBERSON (at the request of Mr. BOEHNER) for today until 3:15 p.m. on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Ms. WOOLSEY) to revise and extend their remarks and include extraneous material:)

Ms. WOOLSEY, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

Mr. DEFAZIO, for 5 minutes, today.

(The following Members (at the request of Mr. POE of Texas) to revise and extend their remarks and include extraneous material:)

Mr. MORAN of Kansas, for 5 minutes, May 5.

Mr. POE of Texas, for 5 minutes, May 5.

Mr. JONES, for 5 minutes, May 5.

ADJOURNMENT

Mr. KING of Iowa. Madam Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 14 minutes p.m.), the House adjourned until tomorrow, Thursday, April 29, 2010, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XIV, executive communications were taken from the Speaker's table and referred as follows:

7227. A letter from the Assistant Secretary, Financial Management and Comptroller, Department of the Navy, transmitting Fiscal Year 2009 annual report on the authority granted therein to pay for meals sold by messes for United States Navy and Naval Auxiliary vessels; to the Committee on Armed Services.

7228. A letter from the Chairman, Occupational Safety and Health Review Commission, transmitting Buy American Act report for Fiscal Year 2009; to the Committee on Education and Labor.

7229. A letter from the Secretary, Department of Health and Human Services, transmitting written notification of the determination that a public health emergency exists and has existed in the state of North Dakota since February 26, 2010, pursuant to 42 U.S.C. 247d(a) Public Law 107-188, section 144(a); to the Committee on Energy and Commerce.

7230. A letter from the Department Director, Regulations Policy and Management Staff, Department of Health and Human Services, transmitting the Department's ''Major'' final rule — Regulations Restricting the Sale and Distribution of Cigarettes and Smokeless Tobacco To Protect Children and Adolescents [Docket No.: FDA-1995-N-0259] (formerly Docket No. 1995N-0253) (RIN: 0910-AG33) received April 20, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

7231. A letter from the Administrator, Environmental Protection Agency, transmitting the FY 2008 Superfund Five-Year Review Report to Congress, in accordance with the requirements in Section 121(c) of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986; to the Committee on Energy and Commerce.

7232. A letter from the Deputy Chief Human Capital Officer and Director for Human Resources Management, Department of Commerce, transmitting the Department's report on the use of the Category Rating System; to the Committee on Oversight and Government Reform.

7233. A letter from the Chairman, National Labor Relations Board, transmitting the Board's FY 2009 Buy American Act report; to the Committee on Oversight and Government Reform.

7234. A letter from the Deputy Assistant Administrator for Regulatory Programs, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries Off West Coast States; Coastal Pelagic Species Fisheries; Annual Specifications [Docket No.: 0912281446-0111-02] (RIN: 0648-XT32) received April 9, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Natural Resources.

7235. A letter from the Director Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries of the Caribbean, Gulf of Mexico, and South Atlantic; Snapper-Grouper Fishery of the South Atlantic; Closure [Docket No.: 040205043-4043-01] (RIN: 0648-XU86) received April 9, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Natural Resources.

7236. A letter from the Director Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries of the Exclusive Economic Zone Off Alaska; Sablefish Managed Under the Individual Fishing Quota Program [Docket No.: 0910131362-0087-02 and 0910131363-0087-02] (RIN: 0648-XV03) received April 9, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Natural Resources.

7237. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries of the Exclusive Economic Zone Off Alaska; Pollock in Statistical Area 630 in the Gulf of Alaska [Docket No.: 0910091344-9056-02] (RIN: 0648-XV12) received April 9, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Natural Resources.

7238. A letter from the Deputy Assistant Administrator for Regulatory Programs, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Magnuson-Stevens Fishery Conservation and Management Act Provisions; Fisheries of the Northeastern United States; Monkfish Fishery [Docket No.: 0907221160-91412-02] (RIN: 0648-AY01) received April 8, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Natural Resources.

7239. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; Various Aircraft Equipped With Honeywell Primus II RNZ-850()/-851() Integrated Navigation Units [Docket No.: FAA-2008-0556; Directorate Identifier 2007-NM-028-AD; Amendment 39-16246; AD 2010-07-02] (RIN: 2120-AA64) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7240. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Certification of Aircraft and Airmen for the Operation of Light-Sport Aircraft; Modifications to Rules for Sport Pilots and Flight Instructors With a Sport Pilot Rating; Correction [Docket No.: FAA-2007-29015; Amdt. No. 61-125A] (RIN: 2120-AJ10) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7241. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; The Boeing Company Model 767-200, -300, and -300F Series Airplanes [Docket No.: FAA-2008-0978; Directorate Identifier 2008-NM-014-AD; Amendment 39-16234; AD 2010-06-10] (RIN: 2120-AA64) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7242. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Establishment of Class E Airspace; Kindred, ND [Docket No.: FAA-2009-0802; Airspace Docket No. 09-AGL-22] received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7243. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; SOCATA Model TBM 700 Airplanes [Docket No.: FAA-2009-1256; Directorate Identifier 2009-CE-064-AD; Amendment 39-16252; AD 2010-07-07] (RIN: 2120-AA64) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7244. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; Aircraft Industries